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Curious Customers of Deak & Co. The Money Changer

by Tad Szulc

Most of Lockheed Aircraft Corporation's secret payments to agents in Japan and to Japanese government figures between 1969 and 1975 were transmitted by Deak & Co., a New York-based firm of international currency dealers that has for many years also served as a covert channel for worldwide financial operations of the Central Intelligence Agency.

That Deak was used by Lockheed in its Japanese dealings is shown in documents in the hands of the Senate subcommittee on multinational corporations and the Securities Exchange Commission. Deak's involvement with the CIA is a matter of guarded knowledge in Washington's intelligence community. Therefore it is more than likely that the CIA was aware all along of Lockheed's secret activities in Japan, including the payments of millions of dollars in "fees" and "marketing commissions" to the leader of an extreme right-wing Japanese political faction and still unidentified senior Japanese government officials. According to well placed American sources familiar with the ongoing investigations of these links, the CIA may have even orchestrated much of Lockheed's financial operations in Japan pursuant to covert US foreign policy objectives. This, then, may be what investigators have called the "missing link" in the wider mystery of secret overseas payments by US corporations. Secret foreign payments by American corporations abroad and their political implications are to be investigated by a special cabinet task force headed by Commerce Secretary Elliot L. Richardson. How will the investigation proceed if evidence develops of CIA involvement?

Between June 1969, and January 1975, Lockheed used Deak & Co. to transfer at least \$8,279,894 in 27 separate transactions to Lockheed representatives in Tokyo for the secret payments. Of this amount close to seven million dollars went to Yoshio Kodama, the most powerful Japanese rightist leader, *eminence grise* and maker and breaker of a succession of prime ministers.

Lockheed payoffs in Japan relating to sales of commercial and military aircraft added up to \$12.6 million, but some payments—about \$4.3 million—went through other, non-Deak channels. Deak & Co. became Lockheed's hidden transfer agent in June 1969, six months after the aircraft company signed its initial contract with Yoshio Kodama to be its Tokyo "consultant." Deak's first transfer coincided with the signing of an expanded contract between Lockheed and Kodama. And intelligence sources say that Kodama had a working relationship with the CIA from the time he

was released from a Japanese prison serving a three-year term.

Deak & Co., which occasionally funnels CIA funds through its offices in Hong Kong and Tokyo, was founded shortly after World War II by Nicholas Deak, a wartime employee of the Office of Strategic Services (OSS) in the Far East.

Deak, who has since joined the CIA after OSS was disbanded, according to intelligence sources, he has continued to have close personal ties with senior agency personnel. Having built his company into one of the leading United States foreign-currency dealer firms, Deak is said to have performed various covert services for the CIA in the last 25 years. With headquarters in New York City (Deak's own home is in Scarsdale), the company operates through some 20 offices in the US and abroad. These include Zurich, Geneva, Vienna, London, Tokyo, Hong Kong, Macao, Honolulu, Guam, San Juan, Washington, DC, San Francisco, Los Angeles, Miami, Vancouver and Toronto. It thus offers an ideal network for what is known in the trade as "discreet" transactions, and, according to reliable sources, the CIA had repeatedly availed itself of Deak's help.

Deak is said, for example, to have handled CIA funds in 1953 when the agency overthrew Iran's Premier Mohammed Mossadeq and restored the Shah to the throne. In that instance, the money went through Zurich and a Deak correspondent office in Beirut. During the Vietnam war, Deak & Co. allegedly moved CIA funds through its Hong Kong office for conversion into piastres in Saigon on the unofficial market. Deak officials in Hong Kong and Macao helped the CIA investigate Far East gold smuggling in the mid-1950s. It has also been suggested that Deak & Co.'s Hong Kong office may have "laundered," with the CIA's knowledge, illegal contributions to the Nixon reelection campaign in 1972 although it is unknown whether Deak & Co. was aware of the precise nature of that operation. As in all secret CIA dealings no documentation is available to prove the reported links between Deak and the agency.

Lockheed spokesmen refused to discuss with me the company's connections with Deak & Co. They would not say, for instance, whether using Deak had been suggested to Lockheed by anyone in the US government. Lockheed's international payments are currently under investigation by the Securities and Exchange Commission; this is one reason, according to the company, that Lockheed refuses to comment on the Deak connection. Nicholas Deak himself refuses to say anything about his company or his own background when asked questions about services performed for Lockheed. A CIA spokesman refused comments,

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